

Fribo Foods Limited

Report and Accounts

31 December 1998

Registered Number 717005



Fribo Foods Limited

Registered Number 717005

DIRECTORS

R H Hamster
E J Bonestroo

SECRETARY

R Powell

AUDITORS

Ernst & Young
Silkhouse Court
Tithebarn Street
Liverpool
L2 2LE

BANKERS

Barclays Bank plc
Egerton House
Rhosddu Road
Wrexham
LL11 1EQ

REGISTERED OFFICE

Miners Road
Llay
Wrexham
Clwyd
LL12 0PB

Fribo Foods Limited

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacturing of quick-frozen food products for Plusfood UK Limited, a group company.

BUSINESS REVIEW

The results for the year are set out in the attached profit and loss account.

PROPOSED DIVIDEND

The directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

R H Hamster	
W H Wildenborg	(resigned 31 September 1999)
G Wilkes	(appointed 1 September 1998, resigned 4 March 1999)

The director retiring by rotation is Mr R H Hamster who, being eligible, offers himself for re-election.

In addition, E J Bonestroo was appointed as a director on 11 June 1999.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or group companies.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the period

YEAR 2000

Systems critical to the company's ongoing operations and preparation of financial information (including application systems, operating systems and hardware), as well as other non-financial computing and date dependent systems on which the company relies in its operations, have been reviewed to establish the impact, if any, which the Year 2000 will have on the accuracy of their calculations, processing and reporting. There are plans in place designed to enhance our computer and other systems prior to the end of this millennium which, when implemented, should ensure that the impact of the Year 2000 problem will not create significant errors in accounting records or adversely impact operations or customer service. We believe that these plans are appropriate and realistic and we confirm our commitment to implementing them.

AUDITORS

During the year KPMG resigned as auditors of the company and Ernst & Young were appointed to fill the vacancy.

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

On behalf of the board

Director

Date

27-10-99

Fribo Foods Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Fribo Foods Limited

We have audited the accounts on pages 6 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

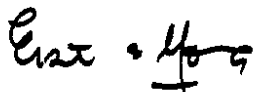
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Liverpool

Date 1 November 1999

Fribo Foods Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	Notes	31 December 1998	9 months ended 31 December 1997 £
TURNOVER - CONTINUING OPERATIONS	2	14,033,221	8,935,750
Change in stocks of finished goods and work-in-progress		127,168	65,435
Other operating income		31,200	20,400
Raw materials and consumables		(8,897,929)	(5,818,035)
Staff costs		(1,821,315)	(1,194,070)
Depreciation and other amounts written off tangible and intangible fixed assets		(319,661)	(237,799)
Other operating charges		(2,374,036)	(1,183,099)
OPERATING PROFIT - CONTINUING OPERATIONS	3	778,648	241,463
Interest payable and similar charges	6	(60,938)	(44,379)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		717,710	544,203
Tax on profit on ordinary activities	7	(182,818)	(138,233)
PROFIT FOR THE FINANCIAL YEAR		534,892	405,970
Retained profit brought forward		3,287,952	2,881,982
RETAINED PROFIT CARRIED FORWARD		3,822,844	3,287,952

STATEMENT OF RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit of £534,892 for the year ended 31 December 1998 and the profit of £405,970 for the period ended 31 December 1997.

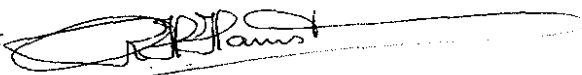
Fribo Foods Limited

BALANCE SHEET at 31 December 1998

	Notes	31 December 1998 £	31 December 1997 £
FIXED ASSETS			
Intangible assets	8	5,068	5,068
Tangible assets	9	2,229,007	2,273,833
Investments	10	2	2
		<u>2,234,077</u>	<u>2,278,903</u>
CURRENT ASSETS			
Stocks	11	962,006	844,960
Debtors	12	4,344,643	2,463,705
Investments	13	-	4,000
Cash at bank and in hand		7,190	4,294
		<u>5,313,839</u>	<u>3,316,959</u>
CREDITORS: amounts falling due within one year	14	(2,745,927)	(2,086,939)
NET CURRENT ASSETS		<u>2,567,912</u>	<u>1,230,020</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,801,989</u>	<u>3,508,923</u>
CREDITORS: amounts falling due after more than one year			
Loans	15	(821,430)	-
PROVISIONS FOR LIABILITIES AND CHARGES	16	(79,715)	(142,971)
NET ASSETS		<u>3,900,844</u>	<u>3,365,952</u>
CAPITAL AND RESERVES			
Called up share capital	17	78,000	78,000
Profit and loss account	18	3,822,844	3,287,952
EQUITY SHAREHOLDERS' FUNDS	18	<u>3,900,844</u>	<u>3,365,952</u>

Approved by the board on 27-10-99

Director



Fribo Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and are prepared in accordance with the applicable accounting standards.

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Related party transactions

As the company is a wholly owned subsidiary of Pluimvee Combinatie Nederland Plukon BV the company has taken advantage of the exemption available under Financial Reporting Standard Number Eight not to disclose transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Pluimvee Kombnatie Nederland Plukon BV, within which this company is included, can be obtained from the address in note 20.

Statement of cash flows

The company has taken advantage of the exemption under Financial Reporting Standard Number One (Revised) not to prepare a statement of cash flows as it is a wholly owned subsidiary undertaking.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	20% per annum
Fixtures, fittings, tools and equipment	-	15% - 20% per annum
Plant and machinery	-	15% - 35% per annum
Buildings	-	5% per annum

No depreciation is provided on freehold land.

Patents and trademarks are not amortised on the basis that their useful lives are infinite.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Operating leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Fribo Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

1. ACCOUNTING POLICIES (continued)

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties in the United Kingdom.

Turnover is attributable to one continuing activity, the manufacture of quick frozen food products.

3. OPERATING PROFIT

	1998 £	1997 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off owned tangible fixed assets	319,661	237,799
Hire of plant and machinery - rentals payable under operating leases	101,219	69,933
Rentals receivable in respect of plant and machinery	(31,200)	(20,400)
Research and development expenditure	8,184	1,003
Auditors' remuneration	10,500	7,500
Management fees and charges	957,135	131,600
Profit on disposal of participating interests	11,000	-
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

	1998 £	1997 £
Directors' emoluments	-	-
	<u> </u>	<u> </u>

Fribo Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

5. STAFF COSTS

	1998 £	1997 £
Wages and salaries	1,668,294	1,095,866
Social security costs	131,363	86,083
Other pension costs	21,658	12,121
	<u>1,821,315</u>	<u>1,194,070</u>

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	1998 No.	1997 No.
Production	115	103
Administration	4	11
	<u>119</u>	<u>114</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
On bank loans and overdrafts	60,938	33,010
Payable to group undertakings	-	10,509
Finance charges payable in respect of finance leases and hire purchase contracts	-	860
	<u>60,938</u>	<u>44,379</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Based on the result for the year:		
UK corporation tax at 31% (1997: 31%)	240,000	157,800
Deferred taxation	(63,256)	(19,859)
	<u>176,744</u>	<u>137,941</u>
Adjustments in respect of previous years:		
Corporation tax	6,074	292
	<u>182,818</u>	<u>138,233</u>

In calculating deferred tax it has been assumed that group relief is available and payment therefore will not be made.

Fribo Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

8. INTANGIBLE FIXED ASSETS

*Trade marks
and patents*
£

Cost:
At 31 December 1997 and 31 December 1998 5,068

9. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i> £	<i>Plant and machinery</i> £	<i>Fixtures, fittings, tools and equipment</i> £	<i>Total</i> £
Cost:				
At 1 January 1998	1,568,155	2,587,538	153,014	4,308,707
Additions	-	287,079	-	287,079
Disposals	-	(39,107)	-	(39,107)
Transfers	30,317	(108,070)	75,388	(2,365)
At 31 December 1998	1,598,472	2,727,440	228,402	4,554,314
Depreciation:				
At 1 January 1998	55,729	1,830,700	148,445	2,034,874
Charge for period	80,056	214,966	24,639	319,661
On disposals	-	(26,863)	-	(26,863)
Transfers	(346)	(14,876)	12,857	(2,365)
At 31 January 1998	135,439	2,003,927	185,941	2,325,307
Net book value:				
At 31 December 1998	1,463,033	723,513	42,461	2,229,007
At 31 December 1997	1,512,426	756,838	4,569	2,273,833

The gross book value of freehold land and buildings includes £1,546,810 of depreciable assets (1997: £1,516,493).

Fribo Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

10. FIXED ASSET INVESTMENTS

*Shares in group
undertakings*

Cost:

At 31 December 1997 and 31 December 1998

£

2

The company owns the entire share capital of Anglian Tendabeef Company Limited, a dormant company.

11. STOCKS

1998

£

1997

£

Raw materials and consumables

639,598

651,943

Finished goods and goods for resale

322,408

193,017

962,006

844,960

12. DEBTORS

1998

£

1997

£

Trade debtors

65,634

22,552

Amounts owed by group undertakings

4,208,396

2,337,602

Other debtors

45,241

68,564

Prepayments and accrued income

25,372

34,987

4,344,643

2,463,705

13. CURRENT ASSET INVESTMENTS

1998

£

1997

£

Participating investments

-

4,000

Fribo Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

14. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Current instalment due on bank loan (note 15)	142,856	-
Bank overdraft	432,905	521,060
Trade creditors	798,359	636,423
Amounts owed to group undertakings	981,411	670,524
Corporation tax	240,000	157,800
Other taxes and social security	36,469	38,146
Other creditors	25,050	6,934
Accruals and deferred income	88,877	56,052
	<u>2,745,927</u>	<u>2,086,939</u>

The bank loan and overdraft are secured by a mortgage on the freehold property and debentures giving a fixed and floating charge over all other assets.

15. LOANS

	1998 £	1997 £
Not wholly repayable within five years:		
£1,000,000 bank loan at LIBOR + 1.5%, repayable in quarterly instalments of £35,714 commencing 29 December 1998	964,286	-
Less: included within creditors: amounts falling due within one year	142,856	-
	<u>821,430</u>	<u>-</u>
Amounts falling due:		
Within one year	142,856	-
Between one and two years	142,856	-
Between two and five years	428,568	-
	<u>714,280</u>	<u>-</u>
In more than five years	250,006	-
	<u>964,286</u>	<u>-</u>

Fribo Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

16. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation</i> £	
At 1 January 1998	142,971	162,830
Charge for the period	(63,256)	(19,859)
At 31 December 1998	<u>79,715</u>	<u>142,971</u>

The amounts provided for deferred taxation are set out below:

	<i>Provided</i>		<i>Not provided</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
	£	£	£	£
Accelerated capital allowances	79,715	143,198	-	-
Other timing differences	-	(227)	-	-
	<u>79,715</u>	<u>142,971</u>	<u>-</u>	<u>-</u>

17. CALLED UP SHARE CAPITAL

	<i>1998</i>	<i>1997</i>
	£	£
Authorised:		
80,000 ordinary shares of £1 each	80,000	80,000
Allotted, called up and fully paid:		
78,000 ordinary shares of £1 each	<u>78,000</u>	<u>78,000</u>

18. RECONCILIATION OF MOVEMENTS IN RESERVES AND SHAREHOLDERS' FUNDS

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£
At 1 April 1997	78,000	2,881,982	2,959,982
Profit for the period	-	405,970	405,970
At 31 December 1997	<u>78,000</u>	<u>3,287,952</u>	<u>3,365,952</u>
Profit for the year	-	534,892	534,892
At 31 December 1998	<u>78,000</u>	<u>3,822,844</u>	<u>3,900,844</u>

Fribo Foods Limited

NOTES TO THE ACCOUNTS at 31 December 1998

19. COMMITMENTS

(a) Capital commitments at the end of the financial period for which no provision has been made, are as follows:

	1998 £	1997 £
Contracted	-	-

(b) Annual commitments under non-cancellable operating leases are as follows:

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	654
In the second to fifth years inclusive	-	71,493	-	69,071

20. CONTINGENT LIABILITIES

The company has given a guarantee of £25,000 to the Intervention Board for Agricultural Produce.

The company is part of a cross guarantee arrangement with Plukon Finance UK Limited and Plusfood (UK) Limited in favour of the company's bankers.

Plukon Finance UK Limited has a £1,200,000 bank loan at 31 December 1998 which is secured over the debts of Fribo Foods Limited.

21. PENSIONS SCHEME

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £21,658 (1997: £12,121).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

22. ULTIMATE PARENT UNDERTAKING

The company is a subsidiary undertaking of Plumivee Kombinatie Nederland Plukon BV, a company incorporated in The Netherlands.

The largest group in which the results of the company are consolidated is that headed by Plumivee Kombinatie Nederland Plukon BV, incorporated in The Netherlands. The consolidated accounts of this company are available to the public and are filed at The Registrar of Companies, Crown Way, Cardiff CF4 3UZ with Fribo Foods Limited accounts. No other group accounts include the results of the company.